

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 STR-04 AID-05 CEA-01 CIAE-00
COME-00 EB-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00
OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02 SIL-01
AGRE-00 OMB-01 USIE-00 INRE-00 SSO-00 OIC-02 L-03
INT-05 EURE-00 PRS-01 /094 W
-----031441Z 109956 /42

O 031443Z MAY 77

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 6410

INFO USMISSION EC BRUSSELS IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 12901

DEPARTMENT PASS STR

E.O. 11652: N/A

TAGS: ETRD, EEC, JA, OECD

SUBJECT: US STATEMENT ON STEEL FOR MAY 4 OECD COUNCIL
MEETING AND OECD COUNCIL ACTION

REF: A. STATE 095765; B. TOKYO 6333; C. STATE 099117

1. JAPANESE DCM CALLED THIS MORNING TO SAY HE HAD
VERY RIGID INSTRUCTION NOT TO AGREE TO FORM AD HOC
STEEL GROUP BEFORE THERE IS AGREEMENT ON TERMS OF
REFERENCE. IF GROUP IS TO BE FORMED, IT SHOULD BE
LIMITED TO "FACTUAL APPROACH." JAPANESE DCM
INTERPRETED LATTER POINT TO MEAN THAT HIS AUTHORITIES
DO NOT WANT TO COMMIT THEMSELVES TO HAVING OECD TAKING
UP POSSIBILITY FOR SPECIAL ACTION IN STEEL SECTOR. THE
THIRD POINT IN HIS INSTRUCTIONS IS THAT THE STUDIES NOW
BEING PREPARED BY THE SECRETARIAT SHOULD NOT PREJUDGE
THE TERMS OF REFERENCE OF THE GROUP TO BE DECIDED AT
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A LATER STAGE. IN PARTICULAR THE JAPANESE BELIEVE THAT
ANY MENTION OF MARKETING PROBLEMS AND PRICE LEVELS ON
DOMESTIC AND FOREIGN MARKETS WOULD ONLY CREATE DIFFICULT
PROBLEMS AT THIS TIME AND COMPLICATE DISCUSSION.

2. I POINTED OUT THAT US HAD AGREED THAT US, EC, AND
JAPAN WOULD MEET TO WORK OUT THE TERMS OF REFERENCE FOR

THE AD HOC GROUP BEFORE THE GROUP WAS ACTUALLY CONVENED BUT THAT MY INSTRUCTIONS CALLED FOR AGREEING TO CONVENE THE GROUP. I ALSO STATED MY CONCERN THAT IF WE GET INTO A HASSLE ABOUT TIMING OF AGREEMENT ON TERMS OF REFERENCE, COUNCIL DISCUSSION TOMORROW IS LIABLE TO GET HUNG UP ON INSISTENCE BY A NUMBER OF THE SMALLER COUNTRIES THAT THEY TOO MUST FIRST BE SATISFIED WITH TERMS OF REFERENCE BEFORE AGREEING TO SET UP A GROUP. IN OTHER WORDS, I SAID, IT WAS ESSENTIAL IF WE ARE TO AVOID DELAY AND REPEATED MEETINGS HAGGLING OVER DRAFTING OF TERMS OF REFERENCE TO AVOID SUBJECTING ESTABLISHMENT OF GROUP TO FORMAL COUNCIL DECISION UNDER UNANIMITY RULE. FYI, OUR CONCERN EXTENDS BEYOND SUCH POTENTIAL TROUBLEMAKERS AS SPANISH REPRESENTATIVE TO DELEGATIONS OF EC GOVERNMENTS WHICH HAVE APPARENTLY NOT YET BEEN CONSULTED. END FYI. WE POINTED OUT THAT SECRETARY-GENERAL HAS A RIGHT TO CONVENE GROUP (HE HAS DONE SO IN THE CASE OF STEEL ON TWO PREVIOUS OCCASIONS) AND THAT WE SHOULD FOLLOW MOST FLEXIBLE POSSIBLE PROCEDURE IN GETTING THIS GROUP STARTED.

3. WE THEN MET WITH DEPUTY SECRETARY-GENERAL WOOTTON AND WORKED OUT THE FOLLOWING FORMULA FOR PROPOSED DRAFT ENTRY IN COUNCIL MINUTES WHICH WOULD BE FORMAL ACTION OF COUNCIL TOMORROW AFTER MY STATEMENT, THAT OF EC, JAPAN, AND ANY OTHERS AND SEC GEN SETTING STAGE FOR FOLLOWING:

BEGIN TEXT:
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THE COUNCIL

- (A) NOTED THE STATEMENTS BY THE DELEGATES FOR THE UNITED STATES, (BLANK), (BLANK) AND (BLANK) CONCERNING THE SITUATION IN THE STEEL SECTOR;
- (B) NOTED THAT THE SECRETARY GENERAL IS PREPARING A FACTUAL STUDY ON THE STEEL SITUATION AND HIS INTENTION TO CONVENE AN AD HOC GROUP WHEN THE STUDY IS COMPLETED;
- (C) NOTED FURTHER THE SECRETARY GENERAL'S REQUEST THAT DELEGATIONS INTERESTED IN PARTICIPATING IN THE GROUP NOTIFY HIM IN THE IMMEDIATE FUTURE AND HIS INTENTION TO DISCUSS WITH THESE DELEGATIONS WHEN THE GROUP SHOULD MEET AND WHAT IT SHOULD DO. END TEXT.

4. IN WORKING OUT THIS TEXT I RESISTED SEVERAL ATTEMPTS BY MY JAPANESE COLLEAGUE TO INSERT IN THE DRAFT

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CIAE-00 COME-00 EB-07 FRB-03 INR-07 IO-13 NEA-10
NSAE-00 OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02
SIL-01 AGRE-00 OMB-01 USIE-00 INRE-00 SSO-00
OIC-02 L-03 INT-05 PRS-01 /094 W
-----031440Z 110062 /41

O 031443Z MAY 77

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 6411

INFO USMISSION EC BRUSSELS IMMEDIATE

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THE NOTION THAT THE SECRETARY GENERAL WOULD ONLY CONVENE
THE GROUP AFTER A DECISION BY INTERESTED GOVERNMENTS AS
TO WHAT THE GROUP WOULD DO, I.E., TERMS OF REFERENCE.
IT IS CLEAR FROM THIS TEXT THAT THE SECRETARY GENERAL'S
CONVENING OF THE GROUP WOULD NOT DEPEND UPON A COMPLETE
AND FINAL AGREEMENT ON THE TERMS OF REFERENCE. ON THE
OTHER HAND, THE JAPANESE WOULD BE ABLE TO MAINTAIN THAT
THEY HAVE NOT YET DECIDED DEFINITELY THAT THEY WILL
PARTICIPATE IN THE GROUP AND WILL ONLY DO SO WHEN THEY
KNOW EXACTLY WHAT IT IS GOING TO DO.

5. EC REPRESENTATIVE TO THE OECD HAS TOLD US AND THE
SECRETARIAT THAT HIS INSTRUCTIONS ARE TO SUPPORT MY
STATEMENT BUT TO SPECIFY THAT EC DOES NOT BELIEVE THAT
THE OECD STUDY, AND BY INFERENCE THE TERMS OF REFERENCE
OF THE GROUP, SHOULD INCLUDE TRADE. WOOTTEN HAS TOLD
HIM THAT THE SECRETARIAT STUDY WILL COVER ALL RELEVANT
ASPECTS OF INTEREST TO MEMBER GOVERNMENTS AND THAT THE
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TERMS OF REFERENCE OF THE GROUP WOULD BE MATTER FOR
SUBSEQUENT CONSULTATION.

6. SECRETARIAT AND JAPANESE HAVE PROPOSED THAT WE DROP
LAST SENTENCE OF TEXT CONTAINED IN REF A. IF OUR STATE-
MENT DOES NOT RAISE ISSUE OF TERMS OF REFERENCE,
JAPANESE WOULD BE IN BETTER POSITION TO TONE DOWN THEIR
STATEMENT THAT THEY MUST FIRST AGREE TO TERMS OF
REFERENCE BEFORE DECIDING TO CONVENE GROUP. ALL OF US
ARE CONCERNED THAT IF THE COUNCIL BEGINS TO DISCUSS
LEGALISTIC POINTS SUCH AS TERMS OF REFERENCE, WE WILL
GET HUNG UP WITH THE SMALLER COUNTRIES WHO WILL ALSO
INSIST ON TYING THEIR AGREEMENT TO THE SETTING UP OF THE
GROUP TO AGREEMENT ON TERMS OF REFERENCE.

7. UNDER THE SCENARIO THE ABOVE TEXT WOULD BE RELEASED
TO THE PRESS FOLLOWING THE MEETING. THE SECRETARIAT
WOULD SEEK TO AVOID FURTHER COMMENTS AS TO WHAT IT MEANS
AND WOULD REFER QUESTIONS ABOUT PARTICIPATION BY
INDIVIDUAL GOVERNMENTS TO THOSE DELEGATIONS.

8. EC AND JAPANESE REPS ARE TELEPHONING ABOVE TEXT TO
THEIR RESPECTIVE AUTHORITIES. I URGE THAT WE GO ALONG
WITH THIS FORMULA WHICH SHOULD ENABLE US TO GET THIS
GROUP STARTED BY THE END OF MAY OR BEGINNING OF JUNE,
WHILE KEEPING THE ESSENTIAL CONSULTATIONS ON THE TERMS
OF REFERENCE IN THE MEANTIME TO A LIMITED GROUP IN AN
INFORMAL FLEXIBLE CONTEXT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRY, REPORTS, STEELS, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 03-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OECDP12901
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770154-1076
Format: TEL
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770599/aaaadidp.tel
Line Count: 202
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 95765, 77 TOKYO 6333, 77 STATE 99117
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2655859
Secure: OPEN
Status: NATIVE
Subject: US STATEMENT ON STEEL FOR MAY 4 OECD COUNCIL MEETING AND OECD COUNCIL ACTION
TAGS: ETRD, JA, US, EEC, OECD
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/dfd5309b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009